

Office of Tourism

	FY 2014 ACTUAL	FY 2015 ESTIMATE	FY 2016 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	28.0	28.0	28.0
Personal Services	1,513,000	1,779,000	1,779,000
Employee Related Expenditures	533,400	625,100	625,100
Professional and Outside Services	2,974,400	480,600	480,600
Travel - In State	21,600	11,600	11,600
Travel - Out of State	129,400	368,500	368,500
Other Operating Expenditures	1,889,100	3,818,900	3,818,900
Equipment	41,700	20,000	20,000
OPERATING SUBTOTAL	7,102,600	7,103,700	7,103,700
SPECIAL LINE ITEMS			
Arizona Promotion	0	2,000,000	0
AGENCY TOTAL	7,102,600	9,103,700	7,103,700
FUND SOURCES			
General Fund	7,102,600	9,103,700	7,103,700
SUBTOTAL - Appropriated Funds	7,102,600	9,103,700	7,103,700
Other Non-Appropriated Funds	14,411,100	13,580,200	13,580,200
TOTAL - ALL SOURCES	21,513,700	22,683,900	20,683,900

AGENCY DESCRIPTION — The office is responsible for promoting tourism within the state, which includes planning and developing an information campaign, advertising, exhibitions, and operating a visitors' center. The agency receives a transfer from the Arizona Sports and Tourism Authority (AZSTA), a portion of tribal gaming contributions, and General Fund appropriations to the Tourism Fund.

Operating Budget

The Baseline includes \$7,103,700 and 28 FTE Positions from the General Fund in FY 2016 for the operating budget. These amounts are unchanged from FY 2015.

Arizona Promotion

The Baseline includes no funding in FY 2016 for Arizona Promotion. FY 2016 adjustments would be as follows:

FY 2016

Remove One-Time Funding GF \$(2,000,000)

The Baseline includes a decrease of \$(2,000,000) from the General Fund in FY 2016 for the elimination of one-time funding for the Arizona Promotion Special Line Item.

Monies in this line item funded the promotion of the tourism industry and tourism efforts in the state.

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FORMAT — Operating Lump Sum by Agency in the form of a deposit to the Tourism Fund

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

Funding Sources

The Office of Tourism receives funding from 3 primary sources: 1) a General Fund appropriation to fund the agency's operating budget; 2) a transfer from AZSTA, generated from partial allocations of a bed tax and car rental tax in Maricopa County (A.R.S. § 5-835), to fund Maricopa County tourism promotion; and 3) a portion of tribal gaming contributions (A.R.S. § 5-601.02) to fund statewide tourism promotion. *(For further details on agency revenues, please see Table 1.)*

Table 1**Office of Tourism Revenues**

<u>Sources of Funding</u>	<u>Fund</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>
<u>General Fund Appropriation</u>				
• General Fund appropriation to be used administering the Office of Tourism and promoting tourism	General Fund	\$7,102,600	\$ 9,103,700	\$7,103,700
<u>Sports and Tourism Authority</u>				
• Partial allocation of 1% of bed tax and 3.25% car rental tax (Prop. 302 - 2000)	Tourism Fund	7,015,100	7,574,100	7,952,800
<u>Tribal Gaming</u>				
• 8% of state's share of gaming proceeds, after distribution to Department of Gaming (Prop. 202 - 2002)	Tourism Fund	<u>6,159,500</u>	<u>6,159,500</u> ^{1/}	<u>6,295,500</u> ^{1/}
Total		\$20,277,200	\$22,837,300	\$21,352,000

^{1/} The Tribal Gaming amounts for FY 2015 and FY 2016 are JLBC estimates.

SUMMARY OF FUNDS

FY 2014
Actual **FY 2015**
Estimate

Tourism Fund (TOA2236/A.R.S. § 41-2306)**Non-Appropriated**

Source of Revenue: The Tourism Fund receives a transfer from the Arizona Sports and Tourism Authority (AZSTA) to be used for tourism promotion in Maricopa County. AZSTA receives revenue derived from a 1% increase in the bed tax and a 3.25% increase in the car rental tax. Of this amount, AZSTA is to transfer \$4,000,000 in FY 2002 and increase the transfer amount each year by 5% to the Tourism Fund. The fund also receives a portion of tribal gaming contributions, pursuant to Proposition 202. Finally, Laws 2012, Chapter 297 allows the Tourism Fund to receive General Fund appropriations. This law also eliminated the tourism funding formula, which previously gave the agency a portion of revenues collected in bed, amusement, and restaurant taxes.

Purpose of Fund: To pay for all costs associated with Office of Tourism activities.

Funds Expended	14,411,100	13,580,200
Year-End Fund Balance	4,525,500	4,451,200